

LOUISIANA CHILDREN'S DISCOVERY CENTER, INC.

---

ANNUAL FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2013

**PHIL HEBERT**  
**CERTIFIED PUBLIC ACCOUNTANT**  
**A PROFESSIONAL ACCOUNTING CORPORATION**

**Louisiana Children's Discovery Center, Inc.**  
**Hammond, Louisiana**

Table of Contents  
December 31, 2013

|                                                                                                                                                                                                                                  | <b><u>Statement</u></b> | <b><u>Page</u></b> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|--------------------|
| Independent Auditor's Report.....                                                                                                                                                                                                |                         | 1                  |
| Financial Statements:                                                                                                                                                                                                            |                         |                    |
| Statement of Financial Position.....                                                                                                                                                                                             | A                       | 4                  |
| Statement of Activities .....                                                                                                                                                                                                    | B                       | 5                  |
| Statement of Cash Flows. ....                                                                                                                                                                                                    | C                       | 7                  |
| Notes to the Financial Statements .....                                                                                                                                                                                          |                         | 8                  |
| Other Independent Auditor's Reports:                                                                                                                                                                                             |                         |                    |
| Independent Auditor's Report on Internal Control over<br>Financial Reporting and on Compliance and Other Matters<br>Based on an Audit of Financial Statements Performed in<br>Accordance with Government Auditing Standards..... |                         | 16                 |
| Schedule of Prior Year Findings .....                                                                                                                                                                                            |                         | 18                 |
| Schedule of Current Year Audit Findings<br>and Responses .....                                                                                                                                                                   |                         | 19                 |

MEMBER  
American Institute of  
Certified Public  
Accountants

**Phil Hebert, CPA**  
A PROFESSIONAL ACCOUNTING CORPORATION  
Post Office Box 1151 • Ponchatoula, Louisiana 70454  
Office: (985) 386-5740 • Fax (985) 386-5742

MEMBER  
Society of Louisiana  
Certified Public  
Accountants

### **Independent Auditor's Report**

To the Board of Directors  
Louisiana Children's Discovery Center, Inc.  
Hammond, Louisiana

#### **Report on the Financial Statements**

I have audited the accompanying financial statements of Louisiana Children's Discovery Center, Inc. (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

# Phil Hebert, CPA

A PROFESSIONAL ACCOUNTING CORPORATION

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Children's Discovery Center, Inc. as of December 31, 2013, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, I have also issued my report dated June 13, 2014, on my consideration of Louisiana Children's Discovery Center, Inc.'s internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Louisiana Children's Discovery Center, Inc.'s internal control over financial reporting and compliance.

*Phil Hebert*

Phil Hebert, CPA  
A Professional Accounting Corporation  
June 13, 2014

## Financial Statements

**Louisiana Children's Discovery Center, Inc.  
Hammond, Louisiana**

**Statement A**

**Statement of Financial Position  
As of December 31, 2013**

| <b>Assets</b>                           | <u>2013</u>                  |
|-----------------------------------------|------------------------------|
| <b>Current Assets:</b>                  |                              |
| Cash                                    | \$ 118,548                   |
| Accounts Receivable                     | 23,572                       |
| Inventory                               | <u>5,545</u>                 |
| <b>Total Current Assets</b>             | <u>147,665</u>               |
| <br><b>Property and Equipment:</b>      |                              |
| Model Train Car Exhibit                 | 4,000                        |
| Furniture, Fixtures & Equipment         | 134,019                      |
| Leasehold Improvements                  | 403,377                      |
| Less: Accumulated Depreciation          | <u>(333,662)</u>             |
| <b>Total Property and Equipment</b>     | <u>207,734</u>               |
| <br><b>Other Assets:</b>                |                              |
| Refundable Deposits                     | <u>3,700</u>                 |
| <b>Total Other Assets</b>               | <u>3,700</u>                 |
| <br><b>Total Assets</b>                 | <br><b>\$ <u>359,099</u></b> |
| <br><b>Liabilities and Net Assets</b>   |                              |
| <b>Current Liabilities:</b>             |                              |
| Accounts Payable                        | \$ 3,211                     |
| Payroll Liabilities                     | 2,961                        |
| Accrued Salary                          | 2,656                        |
| Accrued Vacation                        | 2,138                        |
| Sales Tax Payable                       | 122                          |
| Deferred Revenue                        | 850                          |
| Current Portion of Capital Lease        | <u>1,740</u>                 |
| <b>Total Current Liabilities</b>        | <u>13,678</u>                |
| <br><b>Long Term Liabilities</b>        |                              |
| Long-Term Portion of Capital Lease      | <u>1,740</u>                 |
| <b>Total Long-Term Liabilities</b>      | <u>1,740</u>                 |
| <b>Total Liabilities</b>                | <u>15,418</u>                |
| <br><b>Net Assets:</b>                  |                              |
| Temporarily Restricted                  | 9,986                        |
| Unrestricted                            | <u>333,695</u>               |
| <b>Total Net Assets</b>                 | <u>343,681</u>               |
| <b>Total Liabilities and Net Assets</b> | <b>\$ <u>359,099</u></b>     |

The accompanying notes are an integral part of this statement.

**Louisiana Children's Discovery Center, Inc.**  
**Hammond, Louisiana**

**Statement B**

**Statement of Activities**  
**For the Year Ended December 31, 2013**

|                                        | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Total</u>      |
|----------------------------------------|---------------------|-----------------------------------|-------------------|
| <b>Revenues:</b>                       |                     |                                   |                   |
| Agency/Government Grants               | \$ 256,232          | \$ -                              | \$ 256,232        |
| Individual/Business Contributions      | 15,419              | -                                 | 15,419            |
| Admission Fees                         | 169,293             | -                                 | 169,293           |
| Fundraising Income                     | 55,007              | -                                 | 55,007            |
| Gift Shop Income                       | 6,297               | -                                 | 6,297             |
| Membership Dues                        | 16,474              | -                                 | 16,474            |
| Miscellaneous Revenue                  | 5,913               | -                                 | 5,913             |
| Net Assets Released from Restrictions: |                     |                                   |                   |
| Restrictions Satisfied by Payments     | 1,514               | (1,514)                           | -                 |
| <b>Total Revenues</b>                  | <u>\$ 526,149</u>   | <u>\$ (1,514)</u>                 | <u>\$ 524,635</u> |

(Continued)

The accompanying notes are an integral part of this statement.

**Louisiana Children's Discovery Center, Inc.  
Hammond, Louisiana**

**Statement B**

**Statement of Activities  
For the Year Ended December 31, 2013**

|                                   | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Total</u>        |
|-----------------------------------|---------------------|-----------------------------------|---------------------|
| <b>Expenses:</b>                  |                     |                                   |                     |
| Birthday Party Expenses           | \$ 5,301            | \$ -                              | \$ 5,301            |
| Computer Expenses                 | 6,083               | -                                 | 6,083               |
| Depreciation Expense              | 106,152             | -                                 | 106,152             |
| Dues & Subscriptions              | 1,464               | -                                 | 1,464               |
| Employee Salaries & Payroll Taxes | 297,949             | -                                 | 297,949             |
| Field Trip Expense                | 3,180               | -                                 | 3,180               |
| Fundraising                       | 26,622              | -                                 | 26,622              |
| Insurance                         | 13,507              | -                                 | 13,507              |
| Janitorial                        | 4,724               | -                                 | 4,724               |
| Maintenance & Repairs             | 14,878              | -                                 | 14,878              |
| Office Expenses                   | 17,608              | -                                 | 17,608              |
| Other Employee Costs              | 8,332               | -                                 | 8,332               |
| Professional Fees                 | 4,445               | -                                 | 4,445               |
| Promotion and Advertising         | 11,661              | -                                 | 11,661              |
| Rent                              | 46,800              | -                                 | 46,800              |
| Supplies                          | 1,610               | -                                 | 1,610               |
| Travel                            | 3,145               | -                                 | 3,145               |
| Utilities                         | 23,127              | -                                 | 23,127              |
| <b>Total Expenses</b>             | <u>596,588</u>      | <u>-</u>                          | <u>596,588</u>      |
| <br><b>Change in Net Assets</b>   | <br><u>(70,439)</u> | <br><u>(1,514)</u>                | <br><u>(71,953)</u> |
| <br><b>Net Assets:</b>            |                     |                                   |                     |
| <b>Beginning of the Year</b>      | 404,134             | 11,500                            | 415,634             |
| <b>End of the Year</b>            | <u>\$ 333,695</u>   | <u>\$ 9,986</u>                   | <u>\$ 343,681</u>   |

(Concluded)

The accompanying notes are an integral part of this statement.



**Louisiana Children's Discovery Center, Inc.  
Hammond, Louisiana**

**Statement C**

**Statement of Cash Flows  
For the Year Ended December 31, 2013**

|                                                                  | <u>2013</u>       |
|------------------------------------------------------------------|-------------------|
| <b>Cash Flows from Operating Activities</b>                      |                   |
| Change in Net Assets                                             | \$ (71,953)       |
| Adjustments to Reconcile Change in Net Assets to                 |                   |
| Net Cash Provided by Operating Activities:                       |                   |
| Depreciation Expense                                             | 106,152           |
| (Increase)/Decrease in Accounts Receivable                       | (9,341)           |
| (Increase)/Decrease in Inventory                                 | (729)             |
| (Increase)/Decrease in Prepaid Insurance                         | 152               |
| Increase/(Decrease) in Accounts Payable                          | 466               |
| Increase/(Decrease) in Accrued Salary                            | 2,656             |
| Increase/(Decrease) in Accrued Vacation                          | 2,138             |
| Increase/(Decrease) in Payroll Liabilities                       | (217)             |
| Increase/(Decrease) in Sales Tax Payable                         | 26                |
| Increase/(Decrease) in Deferred Revenue                          | 300               |
| <b>Net Cash Provided by Operating Activities</b>                 | <u>29,650</u>     |
| <b>Cash Flows from Investing Activities</b>                      |                   |
| Purchase of Furniture & Equipment                                | (8,827)           |
| <b>Net Cash Used by Investing Activities</b>                     | <u>(8,827)</u>    |
| <b>Cash Flows from Capital and Related Financing Activities</b>  |                   |
| Payments on Capital Lease                                        | (1,740)           |
| <b>Net Cash Used in Capital and Related Financing Activities</b> | <u>(1,740)</u>    |
| <b>Net Increase in Cash and Cash Equivalents</b>                 | 19,083            |
| <b>Cash and Cash Equivalents - Beginning of the Year</b>         | 99,465            |
| <b>Cash and Cash Equivalents - End of the Year</b>               | <u>\$ 118,548</u> |

The accompanying notes are an integral part of this statement.

**Louisiana Children's Discovery Center, Inc.**  
**Hammond, Louisiana**

**Notes to the Financial Statements**  
**For the Year Ended December 31, 2013**

**Introduction**

The Louisiana Children's Discovery Center, Inc. (the "Center") opened on October 1, 2010 and is a non-profit entity established to provide children with hands-on educational experiences that will empower imaginations, peak curiosity, and nurture intelligence. This mission is accomplished through the operation of a children's museum in the City of Hammond, Louisiana.

**1. Summary of Significant Accounting Policies**

**A. Basis of Accounting**

The financial statements have been prepared on an accrual basis and in conformity with standards generally accepted in the United States of America.

**B. Basis of Presentation**

The Center is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. During 2012, the Center received \$35,000 from the Tangipahoa Parish Tourist Commission of which would be used to purchase an exhibit. Of that amount, \$25,014 was used towards the exhibit. At December 31, 2013, \$9,986 has not been used and is temporarily restricted.

**C. Support and Revenue**

Support consists primarily from expense reimbursements from the City of Hammond, admission fees, field trips, birthday parties, membership fees and gift shop sales. At the end of each month the Center will bill the City of Hammond for expenses incurred. The revenue is recognized once the Center bills the City of Hammond. Membership fees are nonrefundable and recognized as income when received. Birthday parties and field trips are recognized as revenue once the event takes place. Payments made in advance for birthday parties and field trips are deferred until earned. Gift shop sales are recognized as revenue at the time of sale.

**D. Cash**

Cash includes demand deposits and money market savings accounts.

**E. Income Taxes**

The Center qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes. However, should the Center engage in activities unrelated to its exempt purpose it could result in taxable income.

**Louisiana Children's Discovery Center, Inc.**  
**Hammond, Louisiana**

**Notes to the Financial Statements**  
**For the Year Ended December 31, 2013**

**F. Fair Values of Financial Instruments**

The Center's financial instruments, none of which are held for trading purposes, include cash. The following methods and assumptions used by the Center in estimating its fair value disclosures for financial instruments are:

Cash: The carrying amounts reported in the statement of financial position approximate fair value because of the short maturities of those instruments.

**F. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of support and revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**G. Statement of Cash Flows**

For the purposes of the statement of cash flows, all investments with a maturity of 90 days or less from the date of purchase are considered to be cash equivalents.

**H. Contributions**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

All contributions are considered to be unrestricted and available for use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases these net asset classes. However, if a restriction is fulfilled in the same reporting period in which the contribution is received, the Center reports the support as unrestricted.

**I. Inventories**

Inventories are stated at the lower of cost or market determined by the first-in, first-out method. At December 31, 2013, the Center had \$5,545 in inventories for the gift shop.

**Louisiana Children's Discovery Center, Inc.**  
**Hammond, Louisiana**

**Notes to the Financial Statements**  
**For the Year Ended December 31, 2013**

**J. Property and Equipment**

Property and equipment are stated at cost or fair value at date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

|                         |              |
|-------------------------|--------------|
| Furniture and Fixtures  | 7 Years      |
| Leasehold Improvements  | 5 Years      |
| Machinery and Equipment | 5 - 10 Years |
| Software                | 3 Years      |

**K. Vacation and Sick Leave Policy**

The Center gives paid time off (PTO) to only full time employees (40 hours a week). Paid time off can be used for personal, sick, or vacation. PTO is credited at the beginning of the year and the employee may carry over five days of PTO if unused at the end of the calendar year. All other PTO will be forfeited at the end of the calendar year. Upon separation of employment for any reason, unused PTO is forfeited. PTO is earned from the beginning of your employment with the Center, however; you cannot utilize paid time off until you have completed your first ninety days of employment. Paid time off is earned as follows:

| <u>Years of Employment</u> | <u>Number of Days</u> |
|----------------------------|-----------------------|
| 1-2                        | 10                    |
| 3-5                        | 15                    |
| 6                          | 18                    |
| 7                          | 21                    |

**2. Cash**

Cash at December 31, 2013, consisted of the following:

|                      |                   |
|----------------------|-------------------|
| Demand Deposits      | \$ 93,690         |
| Money Market Savings | 23,440            |
| Paypal               | 868               |
| Petty Cash           | 550               |
|                      | <u>\$ 118,548</u> |

**Louisiana Children's Discovery Center, Inc.  
Hammond, Louisiana**

**Notes to the Financial Statements  
For the Year Ended December 31, 2013**

**3. Receivables**

Receivables include amounts due from the City of Hammond at December 31, 2013 and are summarized as follows:

|                                 |                  |
|---------------------------------|------------------|
| City of Hammond - December 2013 | \$ 23,572        |
|                                 | <u>\$ 23,572</u> |

All receivables were collected on January 30, 2014; therefore no provision for allowance for bad debt has been recognized in the accompanying financial statements.

**4. Uncertainty in Income Taxes**

The Center has elected in the fiscal year ended December 31, 2011, to adopt the provisions of FASB ASC 740 (formerly FASB Interpretation 48, "Accounting for Uncertainties in Income Taxes").

The Center files information returns in the U.S. federal jurisdiction. With few exceptions, the Center is no longer subject to federal income tax examinations by tax authorities before 2010. Currently, there are no returns under examination. The Center has taken no tax positions that it considers to be an uncertain tax position.

**5. Concentration of Revenue**

For the year ended December 31, 2013, the Center received funding of \$256,232 from the City of Hammond, Louisiana which is approximately 49% of the Center's revenue.

**6. Property and Equipment**

A summary of the changes in property and equipment follows:

|                                 | Balance<br>December 31,<br>2012 | Additions          | Deletions   | Balance<br>December 31,<br>2013 |
|---------------------------------|---------------------------------|--------------------|-------------|---------------------------------|
| <b>Capital Assets</b>           |                                 |                    |             |                                 |
| Model Train Car                 | \$ 4,000                        | \$ -               | \$ -        | \$ 4,000                        |
| Furniture, Fixtures & Equipment | 125,192                         | 8,827              | -           | 134,019                         |
| Leasehold Improvements          | 403,377                         | -                  | -           | 403,377                         |
| <b>Subtotal</b>                 | 532,569                         | 8,827              | -           | 541,396                         |
| Less: Accumulated Depreciation  | (227,510)                       | (106,152)          | -           | (333,662)                       |
| <b>Net Capital Assets</b>       | <u>\$ 305,059</u>               | <u>\$ (97,325)</u> | <u>\$ -</u> | <u>\$ 207,734</u>               |

Depreciation expense for the year ended December 31, 2013 was \$106,152.

**Louisiana Children's Discovery Center, Inc.**  
**Hammond, Louisiana**

**Notes to the Financial Statements**  
**For the Year Ended December 31, 2013**

**7. Property Lease**

The Center is leasing property at 113 North Cypress Street, Hammond, Louisiana and the adjacent parking lot. The initial term of this lease was for 36 months beginning March 15, 2009, and ending on March 15, 2012. The lease was renewed on March 15, 2012 for an additional 24 months. The consideration will remain \$2,700 per month, due on the 15<sup>th</sup> day of each month thereafter. In addition to the rent, a deposit of \$2,700 is to be held by the lessor as security for the full and faithful performance of all terms and conditions of the lease. The premises are to be used only for the purposes of a children's museum and other lawful related activities. At December 31, 2013 \$32,400 was charged to rent under this lease.

The Center is also leasing property at 200 East Charles Street, Hammond, Louisiana. The initial term of the lease was for 12 months beginning on May 1, 2011, and ending on April 30, 2012. The lease was renewed on May 1, 2012 for an additional 12 months. If lessee remains on the premises after the initial term has lapsed, it is automatically presumed that the lessee is accepting the option to renew the lease. The consideration will be for \$1,200 per month, due on the 1<sup>st</sup> day of each month thereafter. In addition to the rent, a deposit of \$1,000 is to be held by the lessor as security for the full and faithful performance of all terms and conditions of the lease. At December 31, 2013 \$14,400 was charged to rent under the lease.

**8. Capital Lease**

The Center entered into a capital lease purchase agreement with Great America Leasing Corporation effective December 29, 2011 to lease a Konica Minolta C352 Copier System copier/printer. The lease is payable in 48 monthly payments of \$145. The Center has the option to purchase the copier on the date the last rental payment is scheduled for the purchase price of \$1. The cost of the equipment and accumulated depreciation was \$6,960 and \$2,784. At December 31, 2013, the current and long-term portion of debt on the copier lease is \$1,740 and \$1,740.

The future minimum lease payments as of December 31, 2013 are as follows:

| <u>Year Ending</u> | <u>Principal</u> | <u>Total</u>    |
|--------------------|------------------|-----------------|
| 2014               | \$ 1,740         | 1,740           |
| 2015               | 1,740            | 1,740           |
|                    | <u>\$ 3,480</u>  | <u>\$ 3,480</u> |

In May 2014, the Center terminated the lease with Great America Leasing Corporation and entered into a new lease purchase agreement with LEAF Capital Funding, LLC to lease a Konica Minolta C360 copier/printer. The lease is payable in 48 monthly payments of \$169 plus taxes.

**Louisiana Children's Discovery Center, Inc.**  
**Hammond, Louisiana**

**Notes to the Financial Statements**  
**For the Year Ended December 31, 2013**

**9. Subsequent Events**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 13, 2014, and determined that no events have occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

## **Other Independent Auditor's Reports and Findings, Recommendations, and Responses**



**Independent Auditor's Report on Internal Control over Financial  
Reporting and on Compliance and Other Matters Based on an Audit of  
Financial Statements Performed in Accordance with  
*Government Auditing Standards***

**Independent Auditor's Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in  
Accordance with Government Auditing Standards**

To the Board of Directors  
Louisiana Children's Discovery Center, Inc.  
Hammond, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Louisiana Children's Discovery Center, Inc. (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, and cash flows for the year ended, and the related notes to the financial statements, and have issued my report thereon dated June 13, 2014.

**Internal Control over Financial Reporting**

In planning and performing my audit of the financial statements, I considered the Louisiana Children's Discovery Center, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Louisiana Children's Discovery Center, Inc.'s internal control. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Louisiana Children's Discovery Center, Inc.'s financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of management and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Sincerely,

*Phil Hebert*

Phil Hebert, CPA  
A Professional Accounting Corporation  
June 13, 2014

**Louisiana Children's Discovery Center, Inc.  
Hammond, Louisiana**

**Schedule of Prior Year Audit Findings  
For the Year Ended December 31, 2013**

**2012-1 Journal Entries**

**Condition:**

Many adjustments are being proposed by the auditor. These entries include reclassification of fixed assets and entries due to miscoding. Failure to record these entries could result in misstatement of the Center's financial statements.

**Recommendation:**

I recommend the Center's accountant review the coding of receipts and disbursements on a monthly basis.

**Resolved:** Fully

**Compliance**

**2012-2 Business Lunches/Celebratory Functions**

**Condition:** The Louisiana Children's Discovery Center held an employee meeting at a local restaurant at the end of the year. There was an agenda which indicates that business was discussed. "Employee appreciation" was written on the receipt which indicates that it was an employee appreciation lunch as well.

**Recommendation:** I recommend management become familiar with Louisiana Laws regarding business lunches, awards, gifts and celebratory functions.

**Resolved:** Fully

**Louisiana Children's Discovery Center, Inc.  
Hammond, Louisiana**

**Schedule of Current Year Audit Findings and Responses  
For the Year Ended December 31, 2013**

I have audited the basic financial statements of Louisiana Children's Discovery Center, Inc. as of and for the year ended December 31, 2013, and have issued my report thereon dated June 13, 2014. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of December 31, 2013 resulted in an unmodified opinion.

**Section I Summary of Auditor's Report**

a. Report on Internal Control and Compliance Material to the Financial Statements

**Internal Control**

Material Weakness, No

Significant Deficiencies, No

**Compliance**

Compliance Material to Financial Statements, No

b. Federal Awards

Not Applicable

Was a management letter issued? No